

Message Text

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FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC PRIORITY 5124

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AMEMBASSY HELSINKI

AMEMBASSY OSLO

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UNCLAS STOCKHOLM 3390

E.O. 11652: N/A

TAGS: EINV, SW, EEC, OECD

SUBJECT: FOREIGN INVESTMENT STUDY ACT OF 1974

REF: A. STATE 163924; B. STATE 107242; C. STOCKHOLM A-322

JULY 31, 1973; D. STOCKHOLM 9282; E. STOCKHOLM 0232

1. EMBASSY RESPONSE TO REF A INSTRUCTIONS FOLLOWS, KEYED TO QUESTIONS.

2. LAWS AND REGULATIONS.

A. BROADLY SPEAKING, SWEDEN HAS HAD AND CONTINUES TO HAVE LIBERAL ATTITUDE TOWARD INCOMING INVESTMENTS. INCREASING COMPLEXITY OF TRADE AND ROLE OF MULTINATIONAL COMPANIES HAVE CAUSED CERTAIN REALIGNMENT OF POLICY IN MORE RECENT YEARS. LEGISLATIVE CHANGES WERE MADE IN 1973 TO INCREASE GOVERNMENT'S ABILITY TO REJECT FOREIGN TAKEOVER OF A SWEDISH FIRM IF CONSIDERED DETRIMENTAL TO NATIONAL INTEREST (SEE REF C) MORE SPECIFIC PROPOSALS RELATING TO PROTECTION OF DOMESTIC EMPLOYMENT HAVE BEEN MADE BUT HAVE NOT AS YET BEEN ACTED UPON.

B. REF C DESCRIBES MAJOR LAWS AND REGULATIONS CONTROLLING DIRECT FOREIGN INVESTMENT IN SWEDEN. COPIES OF LAWS AND REGULATIONS AND RELATED MATERIAL WILL BE AIR POUCHED.

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C. ALL DIRECT FOREIGN INVESTMENT IN SWEDEN IS SUBJECT

TO SCREENING BY EXCHANGE CONTROL BOARD OF CENTRAL BANK (SVERIGES RIKSBANK). GRANTING OF PERMITS TO INVEST IN SWEDEN IS, AS FAR AS IS KNOWN, DONE IN NON-DISCRIMINATORY MANNER.

D. SEE REF C. RIKSBANK APPROVAL IS REQUIRED IN BOTH INSTANCES.

E. NO CASES OF RECENT REJECTIONS OF NEW INVESTMENT REQUESTS HAVE BEEN BROUGHT TO OUR ATTENTION. GREAT LAKES CARBON CASE DOES INVOLVE DISCRETIONARY DECISION ADVERSE TO AMERICAN FIRM (SEE A-181, JULY 1, 1975).

F. REGIONAL TAX BENEFITS TO AREAS LARGELY IN THE NORTHERN AREAS ARE AVAILABLE. BENEFITS APPLY ON A NON-DISCRIMINATORY BASIS.

G. ONCE ESTABLISHED, AND PROVIDED FIRMS COMPLY WITH PROVISIONS OF CORPORATION ACT, FOREIGN-OWNED COMPANIES FORMALLY ENJOY EQUAL TREATMENT WITH DOMESTIC FIRMS. WHEN IN DIFFICULTY, HOWEVER, FOREIGN-OWNED FIRMS ARE OFTEN HEAVILY CRITICIZED IN MEDIA, THE INFERENCE BEING THAT SWEDISH OWNERSHIP WOULD HAVE PERFORMED BETTER (SEE A-181). NEW CORPORATION ACT HAS BEEN SUBMITTED TO PARLIAMENT BUT WILL NOT BE HANDLED THERE UNTIL FALL SESSION. DRAFT ACT CONTAINS PROVISIONS IMPOSING STRICTER REPORTING REQUIREMENTS ON ALL FIRMS REGARDLESS OF OWNERSHIP. COPY OF NEW CORPORATION ACT BILL IS BEING AIR POUCHED.

3. INFORMATION GATHERING.

H. SEE CORPORATION ACT BILL BEING AIR POUCHED.

4. OPEC INVESTMENTS

I. NO MAJOR OPEC INVESTMENT HAS BEEN MADE IN SWEDEN. NEWS REPORTS OF OPEC INTEREST IN A TAKEOVER OF A SHIPYARD AND JOINT VENTURES IN REFINING FACILITIES HAVE APPEARED BUT NO CONCRETE PROPOSALS HAVE BEEN MADE TO SWEDISH FIRMS TO BEST OF OUR KNOWLEDGE.

NJ. WE HAVE NO INFORMATION OF ANY CONCRETE PROPOSALS TO RESTRICT OPEC INVESTMENTS. GOS EARLIER, HOWEVER, EXPRESSED NEED TO LOOK INTO THIS QUESTION.

5. EMBASSY REGRETS LATE RESPONSE TO DEPARTMENT'S INSTRUCTIONS. DELAY DUE TO HITCH IN INTERNAL DISTRIBUTION OF REF B.

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